



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

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12-2-03
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In re application of:
David P. Cook

Ser. No.: 09/427,968

Filed: October 27, 1999

For: CENTRALIZED AUTHORIZATION AND
FRAUD-PREVENTION SYSTEM FOR
NETWORK-BASED TRANSACTIONS

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Group Art Unit: 3621

Examiner: Worjloh, J.

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GROUP 3600

This Brief is submitted in connection with an appeal from the final rejection by the Examiner, dated April 25, 2003, finally rejecting claims 6-9, 11-15, and 19-36, which constitute all of the pending claims in this application. Two additional copies of this Brief are also submitted.

REAL PARTY IN INTEREST

The real party in interest is Zixit Corporation, a Texas corporation having a principal office and place of business at 13555 Noel Road, Suite 1555, Dallas, TX 75240.

RELATED APPEALS AND INTERFERENCES

There are no related appeals and no related interferences regarding the above-identified patent application.

STATUS OF CLAIMS

Claims 6-9, 11-15, and 19-36 are pending, stand finally rejected, and are on appeal here. Claims 6-9, 11-15, and 19-36 are set forth in Appendix A attached hereto.

STATUS OF AMENDMENTS AFTER FINAL REJECTION

A response to the final office action was filed on June 24, 2003, in which arguments were presented, but no claims were amended. As noted in the Advisory Action mailed July 23, 2003, the response was entered for purposes of appeal.

SUMMARY OF THE INVENTION

The present invention, as now set forth in independent claim 13, relates to a method for authorizing certain aspects of a network based transaction between a customer that is authorized to use an account and an e-commerce merchant. The method includes confirming rights in the account by associating an account code provided by the customer with an account number associated with the account (Fig. 4; page 20, lines 2-6; page 21, line 26 - page 22, line 9). A signature phrase is established for use in a plurality of transactions (Fig. 4; page 22, lines 11-19). The signature phrase is linked to the account number for use in the transactions (page 22, line 12; pg. 11, lines 6-12). Upon indication from a node associated with the e-commerce merchant that a transaction has initiated, providing an authorization form to a node associated with the customer, the authorization form being from a node associated with an entity separate from the e-commerce merchant (Figs. 1, 5, and 7; pg 23, lines 28-29; page 26, lines 10-11; page 27, lines 2-7). The signature phrase is received from the node associated with the customer through a customer response to the authorization form (page 27, line 5-7; page 29, lines 1-6). The method further includes extending rights to the account, normally only associated with the account code, to the signature phrase such that the customer can

authorize the transaction made on the account using the signature phrase (page 11, lines 4-12; page 21, lines 6-7; page 23, lines 9-21).

The present invention, as now set forth in independent claim 22, relates to a method for authorizing transactions over a network. The method includes receiving, at an authorization system, merchant information and account information after a user has initiated a transaction from a merchant using a network interface (Figs. 1, 5, and 7; pg 23, lines 28-29; page 26, lines 10-11). The merchant information is verified that it corresponds to the merchant (page 26, lines 11-14). The account information is checked to determine if it corresponds to an account entry in an authorization database (page 26, lines 22-26). An authorization form is created at the authorization system (page 27, lines 2-7). The authorization form is displayed to the user (page 27, line 8 – page 29, line 14). An authentication phrase is received from the user (page 29, lines 15-18). The received authentication phrase is verified to determine whether it corresponds to an authentication phrase in the account entry (page 29, line 19-22; page 26, Table 5). The network interface of the user is transferred to the merchant (page 18, line 26 – page 19, line 4).

The present invention, as now set forth in independent claim 28, relates to a method for authorizing e-commerce transactions. The method includes receiving at a central authorization facility, a first merchant information and a first user information from a first merchant for a first transaction (Figs. 1, 5, and 7; pg 23, lines 28-29; page 26, lines 10-11), and verifying from at least one of the first merchant information and the first user information whether signature authorization is to occur (page 27, lines 2-4). If signature authorization is to occur, preparing an authorization form at the central authorization facility (page 27, lines 2-7). The authorization form is provided to a node indicated by the first user information (page 27, lines 5-7). Signature authorization is received from the node through the authorization form (page 29, lines 1-6). The first transaction is authorized if the signature authorization corresponds to the first user information (page 29, line 19-22; page 26, Table 5). The authorization is indicated to the first merchant (page 29, lines 23-28).

ISSUES

- I. Whether claim 13 is directed to patentable subject matter.
- II. Whether claim 13 is patentable over U.S. Patent No. 5,903,878 (“Talati”) in view of U.S. Patent No. 6,205,435 (“Biffar”).

- III. Whether claims 22 and 28 are patentable under Talati in view of U.S. Patent No. 6,327,578 (“Linehan”).

GROUPING OF CLAIMS

As to the rejection of claims 6-9, and 11-15, it is Applicant’s intention that, solely for purposes of this appeal, the rejected claims stand or fall together.

As to the rejection of claims 19-36, it is Applicants’ intention that solely for the purposes of this appeal, the rejected claims stand or fall together.

ARGUMENT

The Applicant notes that Applicant’s intention that claims 6-9, and 11-15, and claims 19-36 stand or fall separately is based on claims 6, 9, and 11-15 were grouped by the Examiner and rejected under 35 U.S.C. § 103(a), while claims 19-36 were grouped separately by the Examiner and rejected under 35 U.S.C. § 103(a).

I. Claim 13 Is Directed To Patentable Subject Matter

Claim 13 stands rejected as being directed to non-statutory subject matter because the claim does not require any hardware in the method, but instead “merely implies” being in the technological arts. The Examiner indicated that, in order to overcome this 35 U.S.C. § 101 rejection, Applicant is required to specify the “node type” in reference to the following portion of claim 13:

upon indication from a **node** associated with the e-commerce merchant that a transaction has initiated, providing an authorization form to a **node** associated with the customer, the authorization form being from a **node** associated with an entity separate from the e-commerce merchant. (emphasis added)

The Examiner suggested that the node type be changed to “a computer node” or a “network node” to overcome the rejection. Applicant respectfully disagrees that any such change or amendment is needed, because claim 13, when read in view of the specification, is directed to patentable subject matter.

When analyzing claims, it is fundamental that the “claims must be read in view of the specification.” *Markman v. Westview Instruments, Inc.*, 52 F.3d 967, 979 (Fed. Cir. 1995). The terms in a claim are given their ordinary meaning, unless it appears that the patentee used or defined the

terms differently. *SmithKline Diagnostics, Inc. v. Helena Labs. Corp.*, 859 F.2d 878, 882 (Fed. Cir. 1988). In the present instance, Applicant specifically addressed the claim term “node” in the specification. A relevant portion of the specification reads:

Three nodes 14, 16, and 18 are illustrated as being attached to the network 12. The nodes 14-18 are illustrated as personal computers, but it is understood that each node can actually represent one or more different computing devices, including mainframes, servers, wireless telephones, personal digital assistants, and the like.

Referring to node 14 for example, the node includes a processing unit, a memory, and a network interface, generally represented as computer 14a. The computer 14a also includes a customer interface, which in the present example includes a monitor 14b and keyboard 14c. It is understood that each of the listed components may actually represent several different components. For example, the computer 14a may actually represent a distributed processing system including different levels of main memory, hard disks, server/client memory, and remote storage locations. (page 8, line 20 – page 9, line 7).

When the claim term “node” is read in view of the specification, as required by the Federal Circuit, it is clear that the term “node” comprises a myriad of hardware, such as computers, mainframes, servers, wireless telephones, personal digital assistants, and the like. Therefore, claim 13, in its current form, is specifically within the technological arts. Claim 13 claims patentable subject matter, and the rejection by the Examiner is improper.

II. Independent Claim 13 Is Not Taught By Talati In View Of Biffar

Claim 13 stands rejected as being obvious under 35 U.S.C. §103(a) in light of Talati in view of Biffar. It is well settled that, in order to reject a patent application for obviousness, the prior art references must teach or suggest all of the claim limitations. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974). Moreover, all words in a claim must be considered in judging the patentability of that claim against the prior art. *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970). Accordingly, even if properly combinable, Talati in view of Biffar must disclose all of the limitations of claim 13, and all of the words in the claim must be considered when judging its patentability. When analyzing all of the claim limitations of claim 13, it is clear that Talati and Biffar fail to teach or suggest claim 13.

The Examiner has acknowledged that Talati fails to teach all limitations of claim 13. In an attempt to overcome this failure, the Examiner combined Talati with Biffar, asserting that Biffar discloses “confirming rights in the account by associating an account code with an account number

associated with the account (see col. 10, lines 21-34).” (Office Action at page 4). **However, that is not what is claimed by the applicant.** Applicant has claimed, in part, that the method comprises: “confirming rights in the account by associating an account code provided by the customer with an account number associated with the account.” The Examiner missed a claim limitation.

Given that the Examiner missed a recited limitation in the claim, it is readily evident that the portion of Biffar to which the Examiner cited does not teach the claim element in the actual claim presented by the Applicant:

When using the remote device 100 (FIG. 1-B) for the first time, the device must be initialized by receiving an identification number **from the central system 200** (FIG. 1-B). The identification number is numerically linked to the central account number of the central account A 11. To do this, for example, user A uses the user controls 140 (FIG. 2) of the remote device to establish a connection between the remote device 100 (FIG. 1-B) and the central system 200 (FIG. 1-B). User A then inputs the user's central account number of central account A 11 and **the central system 200 (FIG. 1-B) creates an identification number for the remote device 100** (FIG. 1-B) and sends the identification number to the remote device 100 (FIG. 1-B). The remote device 100 (FIG. 1-B) stores the identification number in its memory. (Biffar, col. 10, lines 21-34, emphasis added).

In essence, Biffar teaches an identification number that is created by the central system and which is provided to the customer's remote device. As already shown above, claim 13 reads, in part, “confirming rights in the account by associating an account code provided by the customer with an account number associated with the account.”

As is evident, the Examiner did not take into account all of the recited elements of claim 13, and as a result, failed to recognize that the combination of Talati and Biffar does not teach all of the claim elements of the claim. Therefore, the Examiner has not stated a *prima facie* case of obviousness that the combination Talati and Biffar render claim 13 obvious. Accordingly, the rejection under 35 U.S.C. § 103(a) was improper and should be withdrawn, and Applicant respectfully submits that claim 13 is in condition for allowance.

As dependent claims 6-9, 11-12, and 14-15 depend from and further limit independent claim 13, Applicant submits that claims 6-9, 11-12, and 14-15 are also in condition for allowance.

III. Independent Claims 22 and 28 Are Not Taught By Talati In View Of Linehan

Claims 22 and 28 stand rejected as being obvious under 35 U.S.C. §103(a) in light of Talati in view of Linehan. As required under MPEP § 2142, “the examiner bears the initial burden of factually supporting any prima facie conclusion of obviousness. If the examiner does not produce a prima facie case, the applicant is under no obligation to submit evidence of nonobviousness.” In the present instance, the Examiner has not factually supported a prima facie case of obviousness, because Talati and Linehan are not properly combinable.

To combine these two references, the Examiner has relied upon a single sentence in Talati that states “Validation of the originator, recipient, and transaction administrator may be validated by the use of digital signatures.” However, when reviewing the Talati and Linehan references as a whole, it is clear that Talati and Linehan are not properly combinable. Talati teaches against using digital signatures, specifically stating:

[O]pen exchange of digital signatures increases the potential of fraud. Thus, there is also a need for secure electronic commerce where the exchange of digital signatures between entities is eliminated. (col. 2, 10-14) (emphasis added).

On the other hand, Linehan teaches using digital signatures, stating:

The invention includes the use of a variety of methods to perform authentication of the consumer with the issuer gateway 214. Examples include ... **an asymmetric digital signature, a consumer's digital signature and digital certificate, a consumer's a user account number and a symmetric MAC or asymmetric digital signature, a user account number and an asymmetric digital signature**, or a consumer's biometric signal. (col. 7, 39-49) (emphasis added).

The relevant law has established that the mere fact that references can be combined or modified does not render the resultant combination obvious unless the prior art also suggests the desirability of the combination. See, e.g., *In re Mills*, 916 F.2d 680, 16 USPQ2d 1430 (Fed. Cir. 1990). Moreover, an Examiner must consider the reference as a whole, and portions arguing against or teaching away from the claimed invention must be considered. *Bausch & Lomb, Inc. v. Barnes-Hind/Hydrocurve, Inc.*, 796 F.2d 443, 230 USPQ 416 (Fed. Cir. 1986). Additionally, the Federal Circuit has held that “[i]n determining whether such a suggestion can fairly be gleaned from the prior art, the full field of the invention must be considered for the person of ordinary skill is charged with the knowledge ... including that which might lead away from the claimed invention.” *In re Dow*

Chemical Co., 837 F.2d 469, 5 USPQ2d 1529 (Fed Cir. 1988).

The examiner argues that the fact that Talati *mentions* digital signatures is sufficient motivation to combine Talati with the Linehan reference. To the contrary, Talati teaches that the two references should *not* be combined. The Talati reference must be considered as a whole, and the portions arguing against or teaching away from the claim invention cannot be ignored. As shown above, Talati clearly *teaches against* using digital signatures, and specifically states that the open exchange of digital signatures increases the potential of fraud, thus creating a need to eliminate the need to exchange digital signatures. The fact that Talati mentions digital signatures and then clearly teaches away from using them is actually a suggestion against combining the two references because Linehan expressly requires digital signatures to function. The Examiner is not permitted to ignore these facts. One of ordinary skill in the art would not have combined a reference that so explicitly desires to eliminate digital signatures with a reference that explicitly requires digital signatures to function, and it is improper for the Examiner to do so. Talati and Linehan are not properly combinable. Further, the fact that Talati teaches against using digital signatures is an indicator of non-obviousness and patentability of the present application.

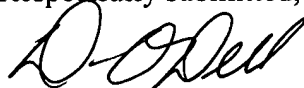
Since Talati and Linehan are not properly combinable, the Examiner has not established a prima facie case of obviousness, and the rejection of claims 22 and 28 under 35 U.S.C. § 103 should be withdrawn. As claims 19-21 and 23-27 depend from and further limit claim 22, and claims 29-36 depend from and further limit claim 28, Applicant submits that claims 19-21, 23-27, and 29-36 are also in condition for allowance

CONCLUSION

Accordingly, it is respectfully submitted that claim 13 is directed to patentable subject matter. Moreover, it is respectfully submitted that independent claim 13 is not taught by Talati in view of Biffar. In addition, it is respectfully submitted that the combination of Talati and Linehan is improper.

It is clear from all of the foregoing that claims 6-9, 11-15, and 19-36 are in condition for allowance. A prompt notice to that effect is earnestly solicited.

Respectfully submitted,



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APPENDIX A

1-5. (Previously Canceled).

6. (Previously Amended) The method of claim 13 wherein the authorization form includes a transformation system to transform the signature phrase at the node associated with the customer, and wherein the interface receives the second account number and the second signature phrase in a transformed format.

7. (Previously Amended) The method of claim 13 further comprising:
creating a transaction certificate to memorialize a successful authorization.

8. (Previously Amended) The method of claim 7 wherein the transaction certificate may be provided to the network node associated with the e-commerce merchant to indicate successful authorization.

9. (Previously Amended) The method of claim 13 wherein the authorization form is provided to the network node associated with the customer through a network interface.

10. (Canceled).

11. (Previously Amended) The method of claim 13 wherein the authorization form includes a customer-specific indicator previously provided by the customer to the entity, the customer-specific indicator being independent of the merchant.

12. (Previously Amended) The method of claim 13 wherein the authorization form includes a logo identifying the merchant.

13. (Previously Amended) A method for authorizing transactions between a customer that is authorized to use an account and an e-commerce merchant, the method comprising:

confirming rights in the account by associating an account code provided by the customer with an account number associated with the account;

establishing a signature phrase for being used in a plurality of transactions;

linking the signature phrase to the account number for use in the transactions;

upon indication from a node associated with the e-commerce merchant that a transaction has initiated, providing an authorization form to a node associated with the customer, the authorization form being from a node associated with an entity separate from the e-commerce merchant;

receiving the signature phrase from the node associated with the customer through a customer response to the authorization form; and

extending rights to the account, normally only associated with the account code, to the signature phrase such that the customer can authorize the transaction made on the account using the signature phrase.

14. (Original) The method of claim 13 wherein an entity other than the customer confirms the rights in the account.

15. (Original) The method of claim 13 wherein the rights in the account indicate account ownership.

16-18. (Previously Canceled).

19. (Previously Added) The method of claim 22 wherein the authentication phrase is a signature phrase.

20. (Previously Added) The method of claim 19 wherein the signature phrase is transformed by the authorization form.

21. (Previously Added) The method of claim 19 wherein the signature phrase is used for a plurality of different transactions with different merchants.

22. (Previously Amended) A method for authorizing transactions over a network, comprising:

receiving, at an authorization system, merchant information and account information after a user has initiated a transaction from a merchant using a network interface;

verifying that the merchant information corresponds to the merchant;

determining whether the account information corresponds to an account entry in an authorization database;

creating an authorization form at the authorization system;

displaying the authorization form to the user;

receiving an authentication phrase from the user;

verifying that the received authentication phrase corresponds to an authentication phrase in the account entry; and

transferring the network interface of the user to the merchant.

23. (Previously Amended) The method of claim 22 further comprising:

enabling the network interface of the user to be transferred to the authorization system

24. (Previously Added) The method of claim 22 further comprising:

forwarding an indication that the transaction is verified to the merchant.

25. (Previously Added) The method of claim 22 wherein the same authorization system is for verifying different transactions for different merchants.

26. (Previously Added) The method of claim 22 wherein the authorization form includes a logo associated with the authorization system.

27. (Previously Added) The method of claim 22 wherein the authorization form includes information associated with the user but not provided by the user to the merchant.

28. (Previously Added) A method for authorizing e-commerce transactions, comprising:

- a) receiving at a central authorization facility, a first merchant information and a first user information from a first merchant for a first transaction;
- b) verifying from at least one of the first merchant information and the first user information whether signature authorization is to occur;
- c) if signature authorization is to occur, preparing an authorization form at the central authorization facility;
- d) providing the authorization form to a node indicated by the first user information;
- e) receiving signature authorization from the node through the authorization form;
- f) authorizing the first transaction if the signature authorization corresponds to the first user information; and
- g) indicating the authorization to the first merchant.

29. (Previously Added) The method of claim 28 further comprising:

- h) receiving at the central authorization facility, a second merchant information and the first user information from a second merchant for a second transaction;
- i) repeating steps b) - g) for the second merchant, wherein the same signature authorization is used to authorize the second transaction.

30. (Previously Added) The method of claim 28 further comprising:

- h) receiving at the central authorization facility, the first merchant information and a second user information from the first merchant;
- i) repeating steps b) - g) for the second user information.

31. (Previously Added) The method of claim 28 further comprising:

- h) providing software to the merchant for performing step a).

32. (Previously Added) The method of claim 31 wherein the software includes a Buy button.

33. (Previously Added) The method of claim 28 wherein the signature authorization is in

the form of a signature phrase.

34. (Previously Added) The method of claim 28 wherein the first user information includes a credit card account number.

35. (Previously Added) The method of claim 34 wherein the central authorization facility is associated with an issuer of a credit card for the credit card account number.

36. (Previously Added) The method of claim 28 wherein the node indicated by the first account information is an electronic address for a user who initiated the transaction.